



# MESSAGE TO MEDICARE BENEFICIARIES FROM U.S. SENATOR JIM BUNNING JULY 2004

Dear Kentuckians:

Last year, Congress passed an historic piece of legislation called the Medicare Prescription Drug, Improvement and Modernization Act. The President signed this bill into law on December 8, 2003.

This new law makes some much-needed changes to Medicare, with the most important one being the addition of a prescription drug benefit to the program. When the Medicare program was created in 1965, prescription drugs played a small role in an individual's health care. Today, that has all changed. Many Americans rely on prescription drugs to keep them healthy and active. In many cases, medications help keep seniors out of the hospital.

However, Medicare's lack of a prescription drug benefit left many seniors with inadequate health care coverage. Over my 18 years representing Kentuckians in Congress, I have heard from many of them who struggle to pay their prescription drug bills and have asked for help.

The new Medicare prescription drug bill will finally bring Medicare into the 21st Century, and provide seniors and individuals with disabilities access to life-saving and life-enhancing prescription drugs. I am excited about what these changes mean to the Medicare program and to the beneficiaries in Kentucky.

Congress had talked about adding a prescription drug benefit to Medicare for years. Finally, last year, we were able to pass legislation. Seniors in Kentucky and across the nation had waited too long for this benefit, and I am glad we could finally deliver it. As a member of the Senate Finance Committee which has jurisdiction over Medicare, I worked hard to craft the best bill possible and was proud to support it as it moved through Congress.

The new law makes some important changes to Medicare. I hope you will take a few minutes to read this newsletter which highlights some of these improvements and the bill's impact on Kentucky.

If you have any questions or need any assistance, please feel free to call or write me.

Best personal regards,

A handwritten signature in blue ink that reads "Jim Bunning".

JIM BUNNING  
United States Senator

## Features of the New Prescription Drug Benefit

Across the nation, there are about 40 million Medicare beneficiaries, which include both seniors and individuals with disabilities. In Kentucky, there are approximately 675,000 Medicare beneficiaries.

The new Medicare bill makes some important changes to the Medicare program which will be implemented over the next couple of years. For example, the new law establishes a Medicare prescription drug benefit that will be available to beneficiaries in 2006. For 2004 and 2005, Medicare beneficiaries can receive temporary assistance through a Medicare-approved discount drug card.

The new law also added some new benefits to Medicare, along with making some changes to payment policies and reducing drug costs for all Americans. Below is a brief overview of some of these changes.

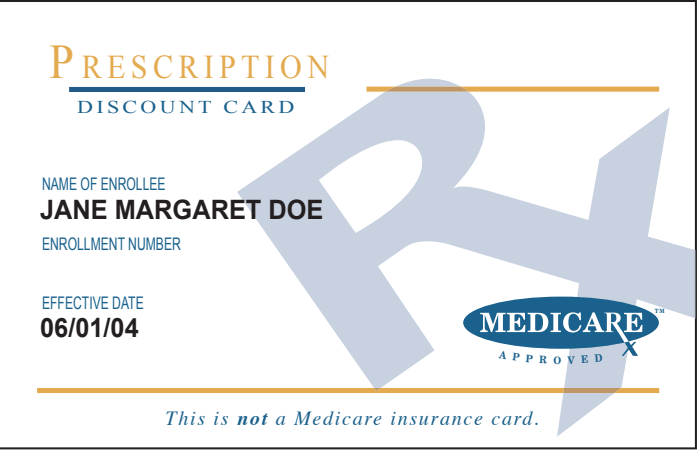
## Prescription Drug Discount Card

An important element of the new Medicare law is the Medicare-approved prescription drug discount cards. Because the broader Medicare drug benefit will not take effect until 2006, Congress felt it was important to provide seniors and disabled individuals temporary assistance in 2004 and 2005 with their drug costs, particularly low-income beneficiaries.

It is estimated that 146,000 Medicare beneficiaries in Kentucky do not have any prescription drug coverage. This card will provide them immediate relief with their drug costs.

Starting May 3, 2004, most Medicare beneficiaries could begin signing up for the

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Medicare discount cards. This is a voluntary program, so Medicare beneficiaries do not have to join if they choose not to. They can keep the health coverage they have now simply by doing nothing.

Medicare beneficiaries in Kentucky will have 39 national drug card plans to choose from, along with 3 regional plans and 2 plans offered through Medicare’s managed care plans. The cost for enrolling in a card cannot be more than \$30 a year.

The government agency that runs the Medicare program – the Centers for Medicare and Medicaid Services (CMS) – estimates that beneficiaries will be able to save between 10% and 25% off the cost of most prescription drugs.

Many low-income beneficiaries may also be eligible to receive a \$600 credit on their discount cards in both 2004 and in 2005 to help them purchase their prescriptions. Medicare beneficiaries eligible for this credit must have incomes below 135% of the federal poverty level (\$12,569 for a single individual and \$16,862 for a couple). These beneficiaries also cannot qualify for Medicaid or have other drug coverage from another source. These beneficiaries will not pay the enrollment fee for their cards.

**Discount Drug Card Facts for Kentucky**

675,000

Medicare beneficiaries live in Kentucky.

146,000

Currently do not have any drug coverage.

112,000

Will be eligible for the \$600 credit in both 2004 and 2005.

CMS estimates that 112,000 Medicare beneficiaries in Kentucky are eligible for the \$600 credit.

To find out more information about the discount cards and the \$600 credit, you can contact Medicare directly at their toll-free number (1-800-MEDICARE) or on the Internet at [www.Medicare.gov](http://www.Medicare.gov). The toll free number is staffed 24-hours a day, 7 days a week.

Medicare beneficiaries will be able to compare the discounts each card provides based on the specific drugs they take, the pharmacies participating in each program and the annual enrollment fee for each program.

### The Standard Prescription Drug Benefit

Starting in 2006, Medicare beneficiaries will be able to receive prescription drug coverage under the Medicare program. This will be a significant change to the program, and will provide help to millions of America’s seniors and disabled individuals.

Medicare beneficiaries will have the option of receiving drug coverage if they stay in the traditional fee-for-service Medicare program or if they choose to enroll in a Medicare Advantage program. Or, if a beneficiary does not need or want drug coverage, they do not have to join the program. For the first time, Medicare beneficiaries will have choices when it comes to drug coverage.

Stand-alone drug plans will be available to beneficiaries who decide to stay in traditional Medicare.

The Medicare Advantage program will offer beneficiaries the option to enroll in a Medicare managed-care plan – either a preferred provider organization (PPO) or health maintenance organization (HMO). The Medicare Advantage PPO plans will be offered in regions of the country, such as a state or a group of states. The HMOs will be offered on a county-by-county basis, which is how they are currently offered today in the Medicare program.

The standard drug benefit specified in the new Medicare law has a monthly premium of approximately \$35 and a \$250 yearly deductible. Beneficiaries will pay 25% of their drug costs up to \$2,250 in a given year. The new law also protects beneficiaries from catastrophic drug expenses. Beneficiaries will pay either \$2 or \$5 for their prescriptions, or a 5% co-pay, once they have spent \$3,600 out-of-pocket for prescription drugs in year’s time.

### Savings for Low Income Seniors

Low-income beneficiaries will receive additional help with their drug costs. During debate of the Medicare prescription drug bill, I worked hard to ensure that these low-income individuals would receive the best benefit possible. The amount of assistance will depend on the beneficiary’s income and savings.

Medicare beneficiaries who need the most assistance with their drug costs will receive the most help. Beneficiaries with incomes below 100% of the federal poverty level and who are eligible for Medicaid will not have to pay a monthly premium or a deductible. The co-pay for their prescription drugs will be \$1 or \$3, and they will pay nothing for prescriptions once the out-of-pocket limit is reached.

Federal Poverty Levels for 2004		
	Single’s income	Couple’s income
100%	\$9,310	\$12,490
135%	\$12,569	\$16,862
150%	\$13,965	\$18,735

Beneficiaries with incomes below 135% of the federal poverty level and limited savings will not pay a monthly premium or a deductible. The co-pay for their prescription drugs will be \$2 or \$5, and they will pay nothing for prescriptions once the out-of-pocket limit is reached.

Finally, beneficiaries with incomes below 150% of the federal poverty level and with limited savings will pay a reduced monthly premium depending on their income, a \$50 deductible, and 15% of their prescription drug costs. Once a beneficiary reaches the out-of-pocket limit, the beneficiary will pay \$2 or \$5 for their prescription drugs.

This low-income benefit will be beneficial to many of Kentucky’s Medicare beneficiaries. In fact, according to CMS, approximately 291,000 Medicare beneficiaries in Kentucky will receive a low-income benefit in 2006. CMS estimates there are about 235,000 beneficiaries in Kentucky whose incomes are below 135% of the federal poverty level and who have limited savings, along with 56,000 beneficiaries who have incomes below 150% of the federal poverty level and have limited savings.

**Drug Benefit Facts for Kentucky**

675,000

Medicare beneficiaries live in Kentucky.

146,000

Currently do not have any drug coverage.

291,000

Will receive a low-income benefit starting in 2006.

### Lowering Drug Costs for All Americans

Many Americans struggle to pay for their prescription drugs. Often, generic drugs are a cheaper alternative to brand-named prescriptions. The new Medicare bill includes several provisions aimed at getting generic drugs to the market faster, which means all Americans will benefit.

### Other Changes to Medicare:

The passage of the Medicare bill also brought additional changes to the Medicare program, including several new screening tests to help increase the overall health of the Medicare population.



Starting in 2005, Medicare will begin offering a “Welcome to Medicare” physical, along with diabetes screening tests and cardiovascular screening tests. The “Welcome to Medicare” physical will be available to beneficiaries when they enroll in the program and will include a blood pressure check and an electrocardiogram. Also, beneficiaries will be provided with information about other services under Medicare.

The diabetes screening tests and cardiovascular screening tests will be available to beneficiaries at risk for those conditions and a deductible or co-pay will not be required for either test.

The bill also included several other provisions to improve patient care, including establishing several programs to help beneficiaries with chronic conditions properly manage their diseases. Also, the new law takes several steps to encourage doctors and hospitals to utilize electronic prescribing for prescription drugs which will help reduce medical errors and provide better care.

Finally, the bill made several changes to the way Medicare reimburses medical providers, particularly in rural areas. These changes will have a large impact on many in the medical community in our state. In fact, the Kentucky Hospital Association estimates that Kentucky’s hospitals will receive an additional \$713 million in Medicare payments over the next 10 years because of the changes in the Medicare bill. This will help them provide better care to Kentuckians across the state.

**Features of the New Medicare Law**

- Voluntary drug benefit available
- Immediate assistance available through discount drug cards
- Low-income seniors receive additional support today and in 2006
- More choices under Medicare with PPOs, HMOs and stand-alone drug plans
- New screening benefits
- Better management of patient care
- Better access to generic drugs for all Americans

### How to Contact Senator Bunning

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Visit Senator Bunning’s Website at: [www.bunning.senate.gov](http://www.bunning.senate.gov)

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